

the Corporation may remove such item of equipment from the Plant and sell, trade-in, exchange or otherwise dispose of it (as a whole or in part) without consent of either the Issuer or the Lender therefor if the aggregate value of the removed equipment for the calendar year (as measured by its original cost) is equal to or less than \$5,000. In all other cases the Corporation shall either:

(a) Substitute and install in the Plant other machinery, equipment or related property having equal or greater utility or value (but not necessarily having the same function) in the operation of the Plant for the purpose for which it is intended, all of which substituted machinery, equipment or related property shall be free of all liens and encumbrances (other than Permitted Encumbrances) and shall become a part of the Plant; or

(b) Not make any such substitution and installation, provided (i) that in the case of the sale of any such equipment to anyone other than a related person or in the case of the scrapping thereof, the Corporation shall pay to the Lender as prepayment of the Note, the proceeds from such sale or the scrap value thereof, as the case may be, (ii) that in the case of the trade-in of such equipment for other machinery, equipment or related property not to be installed in the Plant, the Corporation shall pay to the Lender as prepayment of the Note the amount of the credit received by it in such trade-in, or (iii) that in the case of the sale of any such equipment to a related person or in the case of any other disposition thereof, the Corporation shall pay to the Lender, as prepayment of the Note, an amount equal to the original cost thereof less depreciation at rates calculated in accordance with generally accepted accounting practice.

In the event any removal of machinery, equipment or related property under this section causes damage to existing buildings or structures included in the Plant the Corporation shall restore the same or repair such damage at its sole expense.

The removal from the Plant of any portion of the equipment pursuant to this section shall not entitle the Corporation to any abatement or diminution of the amounts payable under Section 4.01 hereof except to the extent of any payments made hereunder.

(c) The Corporation shall report annually on February 1 of each year to the Lender each such removal, substitution, sale and other disposition requiring substitution or payments to the Lender and shall pay to the Lender upon filing such report such amounts as are required